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Since early 1955, dismissals are taking place at industrial enterprises, at trade organizations, and town administrations, and orders have been issued for the reduction of salaries and bonuses.

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The reported dismissals reflect the present trend of a strict rationalization policy aimed at better systematization of labor and the establishment of a rhythmic production schedule. Enforced dismissals of persons to be drafted by the KVP may also play a role. Insufficient rationalization as well as bureaucratization in many enterprises have resulted in excessive demands on salary funds. Subsequent increased borrowings at the banks, not balanced by higher production rates, have endangered the solvency of the enterprises. Since a high percentage of enterprises are working without profit, salaries are to be reduced primarily in departments not directly connected with the production work. Bonuses are to be granted only to enterprises which show an active balance sheet. (Up to the present time, bonuses were paid to individual workshops which reached overfulfilment of their production targets). According to the reports available, salaries have already been reduced. As a side line to these measures, it is intended to prevail on workers and employees living in West Berlin to move to the Eastern section of the city. Chiefly workmen and employees suspected of deviationist tendencies are affected by dismissals and reductions of salaries. All these endeavors are paralleled by similar moves in the satellite countries. Apparently Moscow has embarked on a new general policy aiming at rationalization, economy, and profit. All progress fails or succeeds in direct proportion to the improvement in the situation of the basic materials industry. An efficient basic materials industry is a prerequisite for the carrying out of rationalization projects. To judge by partial reports, it appears that the 1954 production targets have not been reached in many cases. Particularly the GDR, as well as Hungary and Rumania, have not only failed to reach the targets but, in spite of all efforts made, have even fallen behind the 1953 figures.

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